



Southwest Washington

Labor Market News

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Monthly Review

The 48th Annual Pacific Northwest Regional Economics Conference (PNREC) will be held at the Downtown Waterfront Marriott in Portland this year on May 7-9. Keynote speakers include Dick Conway (well-known economist from Seattle), Elliot Mainzer (CEO of BPA), and David Wyss (former chief economist for Standard and Poor's, now with Brown University). The popular Outlook Panel will feature the forecasts of state economists from six states and two Canadian provinces, including Steve Lerch from the state of Washington. Many leading economists from around the Northwest (along with yours truly) will be making presentations on a wide variety of topics.

This is a great conference and a great opportunity because it's so close to us. You can find out more and register for the conference [here](#). CPE credit is available.

State of the States—and PDX

- Washington state's labor market was looking a little better with the release of December data. First, November's preliminary loss of 6,000 jobs was reduced to only 1,500. Second, December came in at +4,800 jobs, the first positive number in several months. That put the state within 1.2 percent of its pre-recession peak. The unemployment rate dropped two tenths of a point to 6.6 percent, due mostly to a drop in the labor force.
- Oregon closed out the year on a positive note. The state gained 4,400 jobs, the fifth straight month of solid job creation. Over-the-year job growth came to 37,700 jobs, or 2.3 percent. Oregon was 2.9 percent short of its pre-recession peak, not adjusted for population growth. The official unemployment rate fell to 7.0 percent.
- The Portland Metro area snapped out of a three-month swoon, adding 1,800 jobs over the month. Employment has grown by 1.5 percent over the year; construction was the only industry showing much expansion. Payrolls were 1.3 percent below the pre-recession peak, not adjusted for population growth. Unemployment continued its steady decline, falling two tenths of a point to 6.6 percent.

Regional Roundup

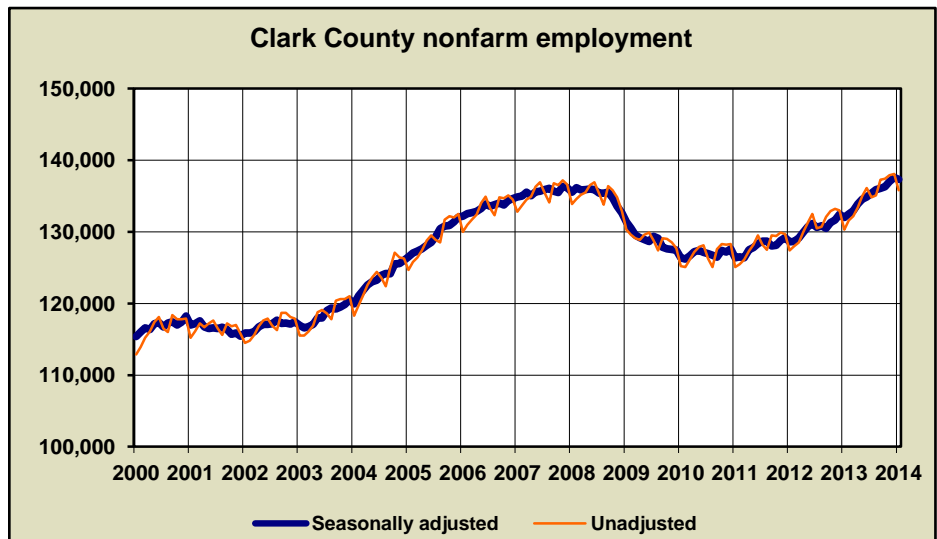
Nonfarm employment has been revised based on tax returns from employers in the third quarter of 2013. The revisions brought happy news: employment in both Clark County and especially Cowlitz County were revised upwards.

January 2014 Unemployment Rates			
	Jan. 2014	Dec. 2013	Jan. 2013
Seasonally Adjusted:			
U.S.	6.6	6.7	7.9
U.S. U-6	12.7	13.1	14.7
Washington	6.4	6.4	7.3
Oregon	7.0	7.1	8.3
Portland Metro	6.4	6.6	7.9
Unadjusted:			
U.S.	7.0	6.5	8.5
Washington	6.9	6.6	8.3
Oregon	7.8	6.9	9.4
Clark	7.5	8.7	11.6
Cowlitz	9.2	9.2	12.0
Wahkiakum	9.9	10.8	13.8
Portland Metro	6.8	6.4	8.6
*See text. Data will likely be revised upward.			

Clark County

First, the revisions: the initial estimate of September nonfarm employment was low by 1,100 jobs. The good news was all in the service sector—finance, professional services, business services, health care, leisure & hospitality, government—while manufacturing was revised downward.

As a result, in October employment finally topped the pre-recession peak dating back to December, 2007. Population has grown over the past six years, so the county is still short about 5,000 jobs of where it would need to be to match pre-recession labor market conditions.



On to January: after solid job gains in November and December, the labor market suffered a minor retrenchment, losing 300 jobs on a seasonally-adjusted basis. Some of the loss was a make-up for a last-ditch spurt in retail hiring in December, which resulted in larger than usual post-holiday layoffs. Unadjusted employment dropped by 2,300 jobs, with seasonal layoffs in a broad swath of industries: retail trade, of course (-900 jobs), and construction (-200), but also transportation & warehousing (-200), business services (-300), accommodation & food services (-200) and K-12 education.

Over the year:

- Job growth over the year was 5,500, or 4.2 percent. This is a big number. It should be noted that there can be volatility in the over-the year gain, and this month may be on the high side of that volatility.

On the plus side:

- Transportation, trade and utilities continued to generate the most job growth, at +1,100 jobs over the year, including +700 in retail trade. This sector's growth rate of 4.5 percent was slightly faster than for all industries.
- Professional & business services has grown by 900 jobs, including 500 jobs in professional services and 300 in business services. Growth was a bit faster at 5.8 percent.
- Health care & social assistance was also 900 jobs in the black, with a 4.7 percent growth rate.
- Leisure & hospitality expanded by 800 jobs, at a blistering 6.6 percent rate.
- Construction expanded by 700 jobs, and was 8.2 percent above last year.
- Government has added 400 jobs, with +600 in K-12 education more than offsetting a loss of 100 jobs at the federal and state levels.

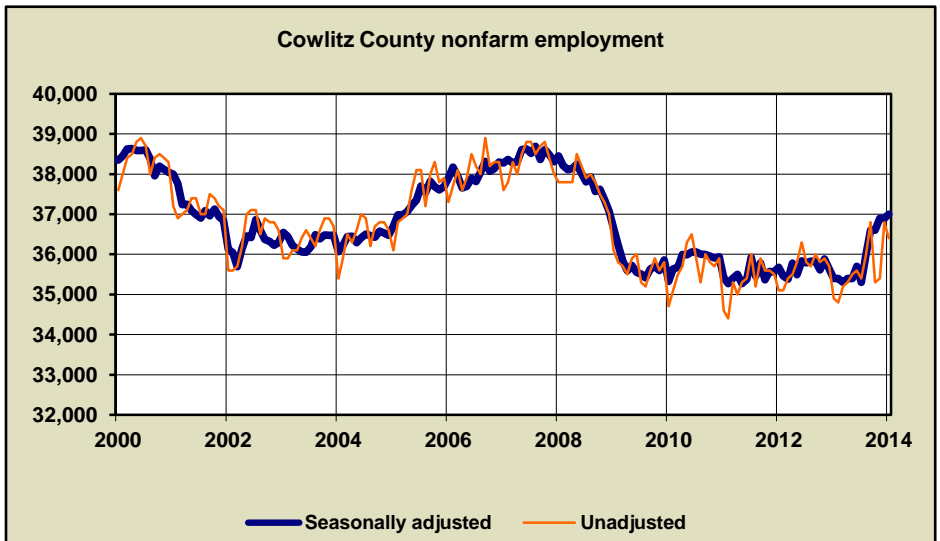
Since nonfarm employment peaked in December, 2007 (this beginning date was recently revised), more than six years ago:

- The county lost 10,100 jobs, and has gained back 11,100 jobs, for a net gain of 1,000 jobs.
- While the total job count has increased, there have been substantial changes at the industry level. The county has 3,300 fewer construction jobs, 1,200 fewer manufacturing jobs, and 2,100 more health care jobs.
- If population growth and changing demographics (aging of the population) are factored in, the county is still about 5,000 jobs short of pre-recession labor market conditions.

The preliminary December unemployment rate of 7.4 percent was revised upward by 1.3 points to 8.7 percent. January's preliminary rate of 7.5 percent will likely be revised along those lines. Initial unemployment claims remained at low levels. Continued claims, which almost reached 10,000 a month back in the depth of the recession, have stabilized around 3,300—vs. 2,800 before the recession.

Cowlitz County

As the chart on the right shows, Cowlitz County had a remarkable upsurge in employment in the third quarter of 2013, adding 1,400 jobs in August and September. Two industries accounted for the bulk of the hiring: construction added 400 jobs, and staffing services were up 600 jobs. As a result, the county's labor market, while far from healthy, is in a better state than previously thought. It is still unclear whether this was a one-time burst of activity, or whether the increased use of staffing services is a harbinger of permanent hiring in the coming months. Stay tuned!



The preliminary estimates since September show a more modest but steady increase in employment. According to estimates prepared by the U.S. Bureau of Labor Statistics, the county had 36,400 nonfarm jobs in January, up 1,500 (4.3 percent) over the year. Unadjusted employment fell by 400 jobs over the month, with most of the decline in the form of post-holiday layoffs in retail trade. Other industries were little changed. On a seasonally-adjusted basis, employment rose by 100 jobs.

Compared with January 2013, the county had 400 more jobs in construction, 200 more jobs in leisure & hospitality, and 700 more jobs in other private sector service industries—primarily, staffing services, which are part of business services.

Unemployment was estimated at 9.2 percent, identical to December's rate and well below the 12.7 percent from a year earlier. Both initial unemployment claims and continued claims remain stable at low levels.

Wahkiakum County

Wahkiakum County's labor market began to look a tiny bit better at the end of 2013. In January, nonfarm employment was estimated at 710 jobs, 40 more than a year earlier. There was little change at the industry level over the month or year. The county still has a ways to go to catch up with its pre-recession job count of 880 jobs.

Unemployment was estimated at 9.9 percent, almost four points lower than the 13.8 percent from the previous January. Continued unemployment claims were stable on a seasonally-adjusted basis, at about the same level as back in 2007.

Initial claims, after a brief spike in December, were at low levels as well.

